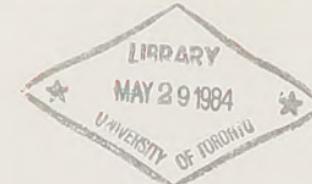


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SOCIAL DEVELOPMENT AND THE GOVERNMENT OF CANADA.

HOW THE DECISIONS ARE MADE & THE DOLLARS ARE SPENT



Hon. Jack Austin, P.C., Q.C.
Minister of State for Social Development

Canada

SOCIAL DEVELOPMENT MEANS THE CREATION OF NATIONAL PROGRAMS TO PROVIDE INCOME SUPPORT, LEGAL PROTECTION, & ECONOMIC AND CULTURAL OPPORTUNITIES FOR CANADIANS.

"Social development" is a term used to describe a wide range of practical programs that Canadians know very well. These programs provide two kinds of benefits in daily life - income support and protection, and opportunities for individual, group and community development.

INCOME SUPPORT: The income benefits take the form of pensions, allowances, insurance, grants, subsidies, tax credits or deductions and loans. Every Canadian makes use of one or more of these programs at some time.

OPPORTUNITIES: The opportunities for development are found in programs for culture, recreation, education, training and communications - and in the guarantee of fundamental human rights provided by the justice and legal systems.

The Government of Canada cooperates with the provincial, territorial and municipal governments in maintaining a national system of social benefits. Private organizations are also deeply involved. This system is a daily, practical expression of an underlying principle of Canadian society - that *individual initiative is best encouraged within a context of collective well-being*.

In the 1980s, this "collective well-being" means different things for different people:

IT MEANS SECURITY FOR THE ELDERLY...

The way older people are treated in Canada says a great deal about the quality of life for everyone. Because the birth rate has declined over the past twenty-five years, the average age of the Canadian population is increasing. By the year 2000, one in eight Canadians will be 65 years or older; by the year 2025, the ratio will be one in five. The Government of Canada presently spends almost thirty per cent of its social development budget for retirement policy, making this the largest single area of social spending.



SUPPORT FOR FAMILIES...



The capacity that families have to provide security, enjoyment and learning to their members contributes directly to the workability of all other institutions. Programs such as financial support to families, maternity benefits, as well as support to education, training, and community activities help families to manage in times of rapid change.

ASSISTANCE AND TRAINING FOR THE UNEMPLOYED...



Canada's capacity to develop economically and socially is linked directly to the overall skill and motivation of the national labour force. For those who are unemployed, Unemployment Insurance, job creation and job training serve as a safety net for individuals, and provide them with an opportunity to adjust to changing employment conditions.

HEALTH CARE FOR EVERYONE...



Access to medical and hospital care when required is a fundamental need of everyone. Our medicare system, based on universal accessibility, regardless of a person's financial circumstances, is one of Canada's greatest achievements.

SUPPORT FOR THOSE IN NEED...

Canadians have a long-established commitment to help those most in need. Single parents, elderly, those who cannot work, and families and individuals who need services are provided with assistance to meet their basic needs.

UNIVERSITIES, COLLEGES, AND STUDENT LOANS...



Post-secondary education is one of the country's greatest investments. Our changing world demands that new skills and leadership be developed for business, government and all other sectors of society. The Government of Canada provides major funding to the provinces so that university or college education is accessible for students in every region. In addition, through the Canada Student Loan Program, many more young Canadians are now able to attend university or college.

JUSTICE AND EQUALITY FOR INDIVIDUALS, NATIONAL AND CULTURAL HERITAGE, PROTECTION OF THE ENVIRONMENT, AND MORE...



Most of the social spending of the Government of Canada, then, is directed to certain fundamental programs related to pensions, family benefits, unemployment insurance, social assistance, health care and post-secondary education. These programs represent the backbone of the social benefits system in the country. Their effectiveness has a large bearing on the "collective well-being" of the Canadian people.

But there are other social needs and demands in a changing society as well. These are related to justice, the equality of individuals, national and cultural heritage, and protection of the environment. Almost one-third of the social development budget is directed to programs that address these and other concerns, such as citizenship, immigration, communications, native and northern development, special interest group support, and official languages.

Not all programs that benefit Canadians require spending. Regulations to protect health, ensure safety of products, conserve the environment and establish working conditions are of great importance to all Canadians, as are the laws that protect public safety.

The following pages outline briefly how decisions are made on social development issues and how tax dollars are spent on social programs.

DECISIONS

HOW THE GOVERNMENT RESPONDS TO THE SOCIAL NEEDS AND DEMANDS OF 25 MILLION CANADIANS.

Parliament plays a central role in the lives of all Canadians, and this is especially true with regard to social programs. The most important benefits Canadians receive have been established by Acts of Parliament,



Each day, MPs and ministers receive thousands of requests from individuals, organizations, and special interest groups.

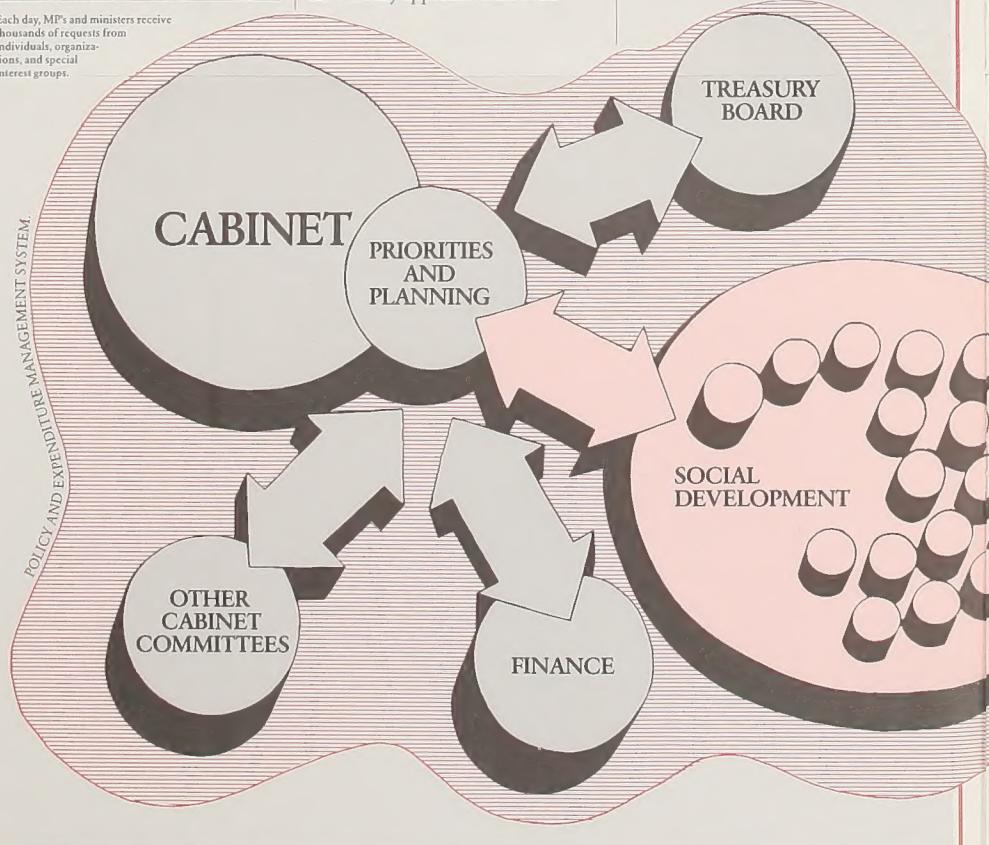
and are founded in many cases upon long-term financial agreements between the Government of Canada and the provincial and territorial governments.

The process by which the needs and demands of 25 million Canadians make their way into legislation and practical programs is complex and time-consuming. It is often said that everybody gets a little bit of what he or she wants, and nobody gets everything. In other words, social development is, above all else, a matter of compromise and consensus.

The Canadian people have many ways of getting their message to the Government of Canada. They can directly approach their local

Member of Parliament who may pass their request to individual Ministers or to the Department of Government which is responsible for delivering a particular social program. The Member of Parliament may also raise the issue in Question Period.

Social issues can also be raised through testimony provided by witnesses at hearings of Royal Commissions and through the work of special task forces. Many well-organized special interest groups which represent particular social concerns, regularly bring key issues to the attention of government. The media raise social issues constantly.



THE PRIME MINISTER AND CABINET ARE RESPONSIBLE FOR POLICIES AND SPENDING.



It is the responsibility of the Prime Minister and the approximately 40 Ministers who make up the Cabinet to formulate policies and programs and to present them to Parliament.

In order for the different concerns to be managed in a situation of conflicting demands, a system has been created called PEMS – the Policy and Expenditure Management System – which has the following purposes:

- To ensure that policy decisions are made within a context of priorities and established spending limits.
- When funds are limited, to encourage the financing of new programs largely through the re-allocation of spending from other areas.
- To make conscious trade-offs among various possibilities, and to eliminate duplication of programs.
- To benefit from the advice of Ministers as a committee in the process of formulating new programs.

Within PEMS, there is a system of Cabinet Committees, including one specifically for social development. Each Cabinet Committee is chaired by a senior Minister who also sits on the Government's executive committee – Priorities and Planning – which is chaired by the Prime Minister.

A CABINET COMMITTEE DEALS SPECIFICALLY WITH SOCIAL DEVELOPMENT.

The Cabinet Committee on Social Development consists of a Chairman and all of the individual Cabinet Ministers who direct the Departments which deliver the social programs of the Government of Canada. Social Ministers work together in considering policies and programs in social development and in making specific recommendations on these to Cabinet. In many cases, compromise is required because the demands for programs by the public are always greater than the money available for social spending.

Each year, the Priorities and Planning Committee establishes the upper level for all social spending. This budget must then accommodate all of the programs for all social Departments in that fiscal year. The social needs of the country are balanced against other concerns such as economic development, foreign affairs and defence.

The Chairman and the other Ministers who comprise the Cabinet Committee are supported in their work by the Ministry of State for Social Development. The Ministry provides policy and financial analysis to assist Ministers in their assessment of social policy and program proposals. It also advises the Chairman on the development of broad strategies for the social sector.

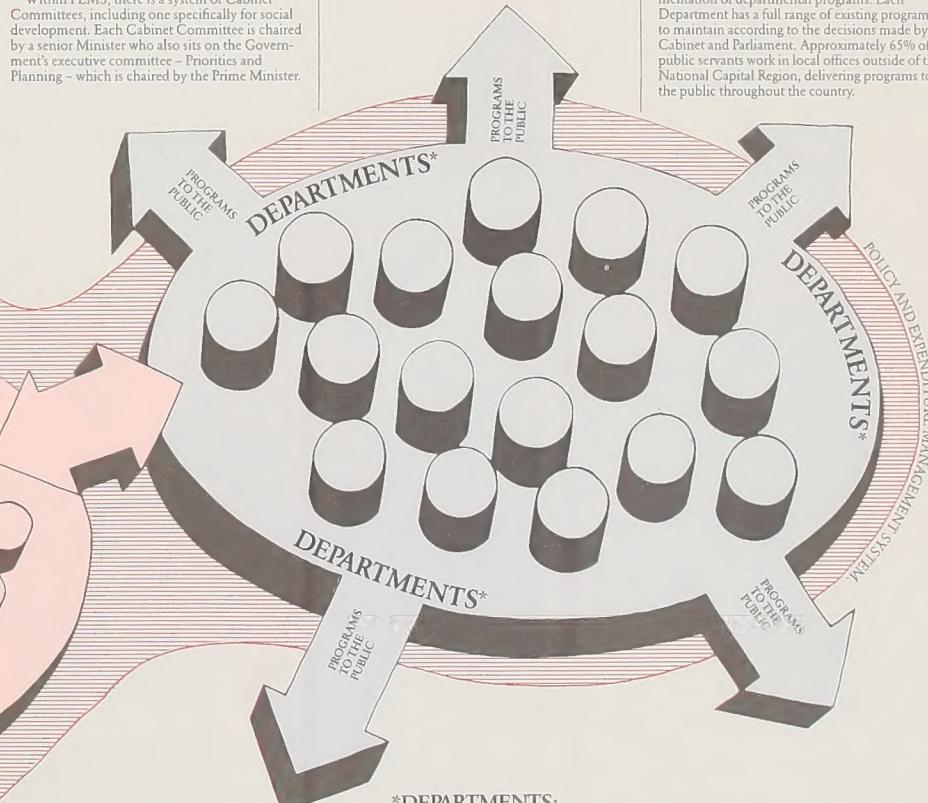
In many cases, compromise is required because the demands for programs by the public are always greater than the money available for social spending.

INDIVIDUAL MINISTERS MANAGE THE DEPARTMENTS AND AGENCIES THAT DELIVER THE SOCIAL PROGRAMS TO THE PUBLIC.



Each social Minister has the responsibility for a Federal Department, some of which have Agencies attached to them for specific programs. The Minister is accountable to Parliament for the overall delivery of the social programs of the Department and oversees the process of preparing annual and multi-year strategic plans and budgets. The Cabinet Minister, therefore, has a multi-faceted role – he or she is a Member of Parliament representing a local riding; a Cabinet Minister responsible for a Department; a member of the Cabinet Committee on Social Development, dealing with social priorities; and a member of the full Cabinet, dealing with all of the policies of the Government.

The public servants who work in the Departments support the Ministers in the day-to-day business of planning, administration and implementation of departmental programs. Each Department has a full range of existing programs to maintain according to the decisions made by Cabinet and Parliament. Approximately 65% of public servants work in local offices outside of the National Capital Region, delivering programs to the public throughout the country.



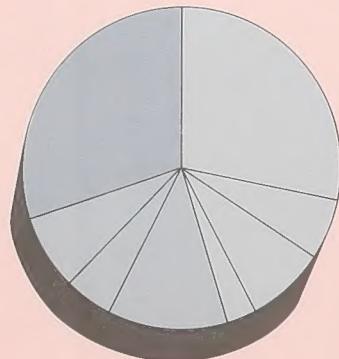
*DEPARTMENTS:

COMMUNICATIONS • EMPLOYMENT AND IMMIGRATION • ENVIRONMENT • INDIAN AFFAIRS AND NORTHERN DEVELOPMENT
LABOUR (CANADIAN CENTRE FOR OCCUPATIONAL HEALTH AND SAFETY) • NATIONAL HEALTH AND WELFARE
STATUS OF WOMEN • PUBLIC WORKS (CANADA MORTGAGE AND HOUSING CORPORATION)
SECRETARY OF STATE • TREASURY BOARD CANADA • VETERANS AFFAIRS • JUSTICE • SOLICITOR GENERAL

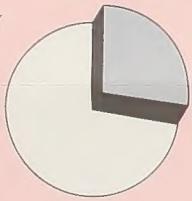
SPENDING

HOW THE TAX DOLLARS ARE DISTRIBUTED TO ALL CANADIANS THROUGH SOCIAL PROGRAMS ESTABLISHED BY PARLIAMENT.

SOCIAL DEVELOPMENT BUDGET*



ELDERLY
28%



AT AGE 65
ALL CANADIANS
BECOME ELIGIBLE FOR
MONTHLY BENEFITS.

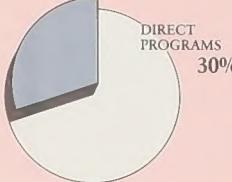


UNEMPLOYMENT INSURANCE COVERS NEARLY ALL MEMBERS OF THE WORK FORCE.



1983-84 ESTIMATES:

*Unless otherwise noted, all references to spending on the following pages refer to 1983-84 Main Estimates of the Government of Canada adjusted for changes resulting from the April 1983 Budget.



HUNDREDS OF
IMPORTANT SERVICES
PROVIDED IN ALL
PROVINCES
AND TERRITORIES.



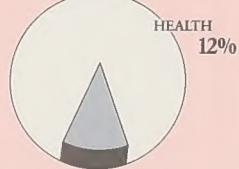
CANADA
ASSISTANCE
PLAN 8%

SOCIAL ASSISTANCE FOR
THOSE WITH FEW
FINANCIAL RESOURCES
AND SOCIAL SERVICES
FOR THE ELDERLY,
DISABLED AND CHILDREN.



EDUCATION 5%

MAJOR FUNDING TO
THE PROVINCES
AND TERRITORIES FOR
COLLEGES AND
UNIVERSITIES.



UNIVERSAL MEDICAL
AND HOSPITAL
CARE FOR ALL
CANADIANS.



PENSIONS AND
FINANCIAL ASSISTANCE
FOR WAR VETERANS
AND THEIR
DEPENDANTS.



THREE-QUARTERS OF THE FUNDS ARE TRANSFERRED DIRECTLY TO INDIVIDUALS, PROVINCES AND TERRITORIES.

Under various agreements with the provinces, and according to Acts of Parliament, the Government of Canada transfers the major portion of social funds directly to individuals and to the provinces and territories. The agreements governing transfers to the provinces are reviewed by all parties according to a set schedule. With regard to the transfers to individuals - to the elderly, families and veterans - the Cabinet Committee on Social Development regularly reviews the effectiveness of these programs.

2.4 MILLION ELDERLY PERSONS RECEIVE UP TO \$514 PER MONTH.



The Department of National Health and Welfare pays \$7.8 billion in flat rate Old Age Security (OAS) benefits to 2.4 million elderly Canadians. Low income pensioners receive a further \$3.1 billion in additional payments for the Guaranteed Income Supplement (GIS) and Spouses' Allowance (SA).

In 1983*, these benefits for a single person amounted to a maximum of \$514 per month - from OAS (\$256.67) and GIS (\$257.68).

In addition to direct payments from these programs, many Canadians also receive Canada or Quebec Pension Plan benefits. Over 8 million contributors pay premiums to the Canada or Quebec Pension Plans in return for earnings-related benefits. The Department of National Health and Welfare distributes \$2.4 billion to 950,000 retirees and \$1.2 billion to 560,000 survivors, orphans and disabled persons.

Finally, \$3.6 billion in tax assistance is provided annually to participants in employee pension plans and Registered Retirement Savings Plans. The tax system provides a further \$450 million assistance to pensions through the Age Exemption and the \$1,000 Pension Income Deduction.

All references to spending on these pages will mean the 1983-84 fiscal year.

THE FAMILIES OF 6.7 MILLION CHILDREN RECEIVE ASSISTANCE AND TAX BREAKS.

The Department of National Health and Welfare pays \$2.3 billion in Family Allowance to 3.6 million families, for the benefit of 6.7 million children. This amounts to an average of \$28.52 per child each month, with the benefit varying in two provinces on the basis of the child's age or the size of the family. Other child-related benefits are delivered mainly through the income tax system. Tax programs include the income-tested Child Tax Credit (\$1.4 billion), which goes to low-income

families, the Child Tax Exemption (\$1.0 billion) which benefits parents and guardians who are tax payers, and the Child Care Tax Deduction (\$140 million) which helps 430,000 working couples and single parents to offset the costs of daycare.

EMPLOYEES, EMPLOYERS AND THE GOVERNMENT PROVIDE \$11.3 BILLION FOR UNEMPLOYMENT.

The national Unemployment Insurance program is funded by employees, employers and the federal government. During 1984, the projected payout from the program will amount to \$11.3 billion, of which the Government of Canada will contribute \$2.9 billion. The rest of the cost is shared by employers and employees.

- The average benefit from the program during 1983 was \$155 per week for each unemployed worker covered.

- At present, employers pay \$3.22 for every \$100 of employee insurable earnings, while each employee pays \$2.30 for each \$100 of insurable earnings.

\$3.2 BILLION GOES TO 2 MILLION CANADIANS WHO REQUIRE SPECIAL ASSISTANCE.

The Canada Assistance Plan (CAP) contributes 50% of provincial expenditures on financial assistance to the disabled, single parents and others unable to work, as well as to cover the cost of day care, child welfare, rehabilitation, community development and counselling services.

• CAP is governed by agreements by the Government of Canada with all provinces and territories. In 1984, the 50% Federal contribution amounts to \$3.2 billion and is distributed among 2 million Canadians.

THE FEDERAL CONTRIBUTION TO HEALTH CARE IN ALL PROVINCES AND TERRITORIES IS \$9.1 BILLION.

In 1984, the Department of National Health and Welfare is transferring \$9.16 billion in cash (\$4.79 billion) and tax points (\$4.37 billion) to the provinces and territories in support of hospital and medical care insurance programs. These funds also include cash contributions made towards extended health care service programs such as nursing homes and home care services. The transfers to the provinces are made on the basis of block funding, that is, each province receives a lump sum which it then distributes according to the priorities of its own health care program. The transfers are made on the basis of an equal per capita formula across all the provinces, and are increased annually on the basis of the growth of the Gross National Product.

- According to the agreements between the federal and provincial governments, the federal con-

tribution is made on the basis that certain conditions are met by the individual provinces: The health and medical care insurance provided in the province must be universal (extending to all residents), portable (valid when the resident is traveling outside of the province), comprehensive (covering all basic hospital and medical services), accessible (covering all individuals regardless of their ability to pay), and administered publicly (accountable to public scrutiny and audit).

90 THOUSAND WAR VETERANS AND THEIR DEPENDENTS RECEIVE BENEFITS.

The Pensions Program of the Department of Veterans Affairs paid \$668 million in service-related disability pensions to former members of the armed forces or their dependents. The average benefit amounted to approximately \$353 per month for 142,000 individuals.

- In addition, the War Veterans and Civilian War Allowance program provided \$437 million in financial assistance to nearly 90 thousand veterans over age 60, and their dependents and survivors. This amounted to an average of \$404 per individual each month. These allowances help to ensure a guaranteed level of income similar to Old Age Security and the Guaranteed Income Supplement, but starting at an earlier age.

THE PROVINCES AND TERRITORIES RECEIVE \$4 BILLION FOR COLLEGES AND UNIVERSITIES.



The federal government in 1984 is transferring cash (\$1.84 billion) and tax points (\$2.07 billion) in a total amount of \$3.91 billion to the provinces in support of post-secondary education. In addition to the transfers, the Secretary of State also provides \$140 million in Canada Student Loans.

• Other federal programs in support of education include \$197 million to the provinces for Official Languages training at all levels of the education system, and \$93 million to the provinces and non-profit organizations to strengthen training courses which have been designated as being of national importance.

- Another \$669 million has been set aside in support of programs in community colleges and technical institutes which provide occupational training for adults in areas related to the demand for skills in the economy. \$552 million of this amount goes directly for the purchase of courses, and \$117 million goes to income support for individuals taking the courses.

DIRECT PROGRAMS REPRESENT SOME OF THE MOST IMPORTANT SERVICES RECEIVED IN EVERY PROVINCE, AND ESPECIALLY IN THE NORTH.



EMPLOYMENT AND TRAINING

Three federal departments, the Canada Employment and Immigration Commission (CEIC), National Defence (DND), and Secretary of State (SOS), provide employment programs amounting in 1984 to \$1.5 billion. Within CEIC, four major programs are designed for different employment needs across the country: Canada Works, for short term jobs; the Job Corps and Career Access, for human resource development; and the Local Economic Assistance and Development program for long term economic growth in specific communities and regions.

- CEIC also operates two major training programs, the General Industrial Training program, which provides \$90.3 million in wages subsidies and consultative assistance to employers for on-the-job training, and the Critical Trade Skills Training Program which provides \$83.9 million for training in highly skilled trades and occupations for which there is a constant supply shortage.
- In addition to these programs, CEIC also operates 453 Canada Employment Centres across the country. These centres, during 1982, found jobs for more than 500,000 Canadians. The Department also sponsors the community-based Outreach program which placed more than 53,000 individuals in full and part-time jobs.



COMMUNICATIONS AND CULTURE

The federal government is active in strengthening the communications facilities and cultural institutions throughout Canada, with \$163 million in direct funding going in 1984 in support of Canadian film production, book and periodical publishing, sound recording, and to a wide variety of programs of non-profit cultural organizations. More than \$80 million in additional funds are targeted for fostering and promoting the performing and visual arts.

- In the area of communications, the CBC, which receives approximately \$820 million, provides English and French radio and television services to the entire country, and the international radio service broadcasts in eleven languages.
- In 1984, a further \$132 million in federal funds are designated for museums, archives and libraries across the country, operated by the federal, provincial and municipal governments.

Federal laws are being amended to ensure consistency with the Canadian Charter of Rights and Freedoms.

- Among the federal government's principal responsibilities in this field are the following: administering the Canadian Human Rights Act; maintaining federal penitentiaries through the Correctional Services of Canada; granting and denying paroles to inmates and granting pardons through the National Parole Board; providing federal policing services through the RCMP; maintaining a system of courts including the Supreme Court of Canada; appointing and paying salaries for judges of superior courts across Canada; participating in the cost-sharing programs with the provinces in delivering services such as criminal legal aid and compensation for victims of crime; and, promoting initiatives in the areas of crime prevention and assistance to victims of crime.

ENVIRONMENT
The Department of the Environment, which includes Parks Canada, spends \$700 million in 1984 for programs covering the following areas: control of toxic substances released into the environment; management of water resources under federal jurisdiction; conservation and management of resources in the North; the guarantee of environmental safeguards in energy development; maintenance of land resources including wildlife; and preparation of long-term weather and climate forecasts.

- **MANY OTHERS**
The Department of the Secretary of State is responsible for promoting and enhancing a sense of unity and participation among all Canadians and permanent residents. With a budget of \$560 million in 1984, the Ministry funds programs specifically directed to youth, women, Native people, disabled persons, ethnocultural groups, official language minorities, and individuals who are active in the voluntary sector. Other direct programs include spending for the selection, immigration and settlement of new Canadians.
- Further details on programs and expenditures can be obtained from the individual departments.

HOUSING

The federal government through the Canada Mortgage and Housing Corporation provides funds of \$1.3 billion in 1984 to assist individuals and groups across Canada to purchase or rent adequate housing. These funds are made available to provinces, private non-profit organizations, cooperatives and individuals to build and upgrade housing for low and moderate income households, for families, the elderly, and disabled persons.

- During 1984, CMHC is also underwriting loans of \$7 billion to builders and prospective homeowners for 160,000 new and existing housing units. Developers can also obtain interest-free loans to generate rental accommodation in areas of low vacancy rates.

NATIVE AND NORTHERN AFFAIRS

The major social development programs for Canada's Native peoples are found in the Department of Indian Affairs and Northern Development (DIAND), the Department of National Health and Welfare (NHW) and Secretary of State (SOS). DIAND provides a wide variety of programs to Indian bands and communities covering culture, education, social welfare and economic development. NHW provides for the health care of Indians and Inuit, while SOS funds various Native associations in an effort to ensure that Native peoples have equal opportunities for social development.

- The federal government is spending approximately \$1.6 billion on these activities in 1984.
- DIAND also supports the development of Yukon and Northwest Territories. The expenditure in these areas is \$554 million in 1984, most of it in grants to the territorial governments.

JUSTICE AND LEGAL

The Government of Canada plays a major role in the justice and legal system of Canada, with total expenditures in 1984 of \$2.1 billion. In response to continuing social change in Canada, it evaluates and adapts laws to best serve the needs of individuals and the community. Accordingly, the government has undertaken an indepth review of criminal law and procedure, major divorce law reform and recently passed legislation overhauling Canadian juvenile law.

THE FEDERAL GOVERNMENT'S DIRECT PROGRAMS

TRENDS

SOME FACTORS THAT MAY AFFECT SOCIAL POLICY IN CANADA OVER THE NEXT TWO DECADES.



Canadians are experiencing many economic and social changes in the 1980's and some of these changes may bring about new and different kinds of social policies over the next two decades. Experts predict new trends in relation to the composition of the overall population, the composition of the work force, the introduction of new technologies throughout society, and the impact that industrialization is having on our environment and resources. These and other factors are the groundwork for thinking about the future of social programs and spending, and for anticipating new kinds of social concerns. Among the trends which may have the greatest impact upon social policy before the year 2000 are the following:

• THE INCREASED AGE OF THE CANADIAN POPULATION

By the year 2000, almost one Canadian in eight will be 65 years or older. At that point the

percentage of young people, under 25, will be the lowest in the history of the country. This increased age of the population will have implications for retirement policy, for medical and health care, for housing, and for the use of leisure time.

• THE INCREASED PARTICIPATION OF WOMEN IN THE LABOUR FORCE

Since 1970 there has been a sharp increase in the participation rates of women in the Canadian labour force, and by the year 2000, it is predicted that the number of women either employed or looking for jobs will be equal to the number of men. This trend points toward new issues related to daycare, maternity benefits, equality of opportunity, pay, and promotion, as well as access to educational and training opportunities.

The changing family, with more dual-earner parents, more single parents, fewer children, and more single elderly will call for new and different social policy responses, most probably in the area of family benefits, tax deductions and income and housing assistance.

• THE INTRODUCTION OF NEW TECHNOLOGIES

Many experts are saying that this period before the end of the century will constitute the biggest era of change since Canada moved from an agricultural to an industrial economy. The new technologies based on microelectronics - communications, data processing, and robotics - have already had a profound impact upon offices and factories in every region. It is difficult to predict what overall changes will be in terms of the numbers and kinds of jobs that will be available by the year 2000. It is clear, however, that the issues of job creation, job training and

unemployment insurance will be central factors influencing social policy and spending over the next several decades.

In addition, the new communication technologies, especially the rapid introduction of broadcast satellites for television transmission across national borders, will have great implications for the preservation of Canadian culture.

• THE INCREASED PRODUCTION OF CHEMICALS BY INDUSTRIES

The World Health Organization and other groups that monitor conditions in the natural environment have sounded warnings about the continual introduction of new chemicals by industries around the world. In Canada, we have already witnessed the death of small lakes as a result of acid rain and pollution caused by various chemical compounds. It is now estimated that between 200 to one thousand new chemicals are introduced each year. These are added to the almost 50,000 already utilized, only a few hundred of which have been fully tested to assess their impact upon the air, water, plant and human life. While new industries and chemicals produce new jobs and economic benefits, the costs in terms of human and environmental well-being will continue to be a concern for social policy makers in the future.

Social development is based in part on the recognition that individuals are linked together by many factors of economics, communications, culture, technology, health, and public safety. The trends listed above will have profound implications on the lives of all Canadians. New social policies which may result from these trends will be important in providing Canadians with a continued sense of security and the ability to share in new opportunities.